

**Federal Personnel Manual System**

Special Bulletin #29

**FPM Bulletin**

Bulletin No. 920-8

Washington, D. C. 20415  
March 8, 1979**SUBJECT:** Guidance on Setting Pay Rates for Conversion  
to the Senior Executive Service

Action Date:

Heads of Departments and Independent Establishments:

1. The President has established the following six rates as the SES pay schedule:

ES-1	\$44,756
ES-2	46,470
ES-3	48,250
ES-4	50,100
ES-5	51,450
ES-6	52,800

One of these rates will be assigned to each executive offered a conversion appointment as a charter member of the SES. The rates will also be used for all new appointees after SES is established. However, Congress has prohibited most salary increases for employees in the pay ranges covered by SES through an appropriation freeze. Therefore, upon conversion, executives will continue in almost all cases to make their current salary. The exception is individuals currently making less than \$47,500. Their pay may be increased to \$46,470 or \$47,500 on July 13, 1979. Their full SES rate cannot be paid until October 1, 1979, under existing law.

2. In setting conversion rates, agencies are required to offer an SES rate at least as high as that actually payable to the employee at the time of conversion. With the exception of this statutory requirement individual pay-setting decisions should be based on carefully reasoned management decisions within the agency. Generally speaking, agencies should follow the policy of not offering an SES conversion salary rate that would leave an executive who converts to SES in a worse financial position than he/she would have been in had conversion been declined. (i.e., SES rate should be equal to or higher than the rate payable to the individual on October 1, 1979 if he/she remained in the General Schedule). Guidelines in the following subparagraphs should generally be taken into account in meeting that objective.

- a. Individuals newly appointed to GS-16, step 1 just prior to conversion should generally be converted to ES-1.
- b. Other individuals in GS-16, step 1 should generally be converted to ES-2. (On the assumption that they would soon be due for a step increase if they remained in the General Schedule).

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- c. Individuals newly appointed to GS-16 step 2 should generally be converted to ES-2.
- d. Other individuals in GS-16 step 2 should generally be converted to ES-3.
- e. Individual in GS-16 step 3 (asterisk rate \$47,740) at conversion should generally be converted to ES-3.
- f. Individuals in Executive Schedule Level IV must be converted to ES-6.
- g. All other SES converttees may be offered ES-4, ES-5, or ES-6 as agency management decides based on considerations such as individual contribution to the organization, individual potential, and current or proposed level of responsibilities.

3. An individual with an asterisk rate above \$50,100 could be offered ES-3 under the law despite the fact that this individual would receive \$50,100 on October 1 by electing not to convert to SES. (The statutory requirement is only that the individual be paid at least the actual pre-SES rate of \$47,500 not the asterisk rate.) Some agencies indicate that they may wish to have the option of offering an SES rate below the asterisk rate for use in unusual circumstances where performance is relatively poor. OPM will not regulate to restrict this use of the pay structure where warranted, but we recommend strongly against it. It is likely to lead to the executive's not converting to SES, which will be more expensive in the long run. Conversion at ES-5 and ES-6 should generally be reserved for executives with high levels of responsibility or unusually effective performance.

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The Civil Service Reform Act of 1978 limits pay adjustments for SES members to one each year in addition to any adjustment of SES salary range based on the Government-wide comparability adjustment in October. An executive's SES rate may be adjusted by the agency head for good management reasons including changes in duties, performance location of assignment, retention considerations. This one individual pay adjustment permitted in any year may be to any higher rate or to the next lower rate. (The limitation on rate reduction will be included in OPM regulations.)

- 4. Through regulation, the Office of Personnel Management will guarantee SES charter (conversion) members a minimum lifetime salary rate equal to their payable rate at time of conversion.

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